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February 1, 2008

2008-44

JAMES T. WHITLOW
JOHN J. SCOTT
BENJAMIN J. HUMPHRIES

LINCOLN SQUARE
HODGENVILLE, KENTUCKY 42748
270-368-4344

RECEIVED

FEB - 4 2008

PUBLIC SERVICE
COMMISSION

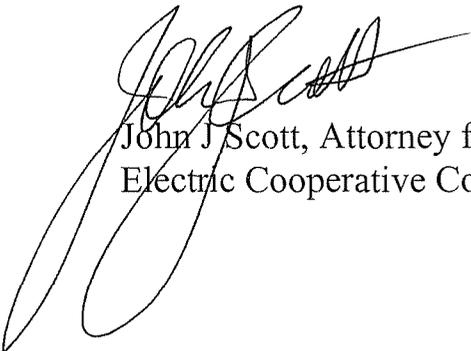
Ms. Elizabeth O'Donnell
Executive Director
Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, KY 40602-0615

Re: Nolin Rural Electric Cooperative
Corporation Application regarding
Loan

Dear Ms. O'Donnell:

Please find enclosed an original and 12 copies of an Application on behalf of Nolin Rural Electric Cooperative Corporation to receive approval of a Loan in the amount of \$40,000,000.00. Please stamp an extra copy of the Application showing the date filed and return it to us in the enclosed self-addressed envelope. Thank you for your consideration in this matter.

Sincerely yours,


John J. Scott, Attorney for Nolin Rural
Electric Cooperative Corporation

JJS/rrd

Enclosures

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

**APPLICATION OF THE NOLIN)
RURAL ELECTRIC COOPERATIVE)
CORPORATION FOR AN ORDER)
PURSUANT TO KRS 278.300 AND)
807 KAR 5:001, SECTION 11 AND)
RELATED SECTIONS AUTHORIZING)
THE COOPERATIVE TO OBTAIN A)
LOAN IN THE AMOUNT OF)
\$40,000,000.00 FROM THE NATIONAL)
RURAL UTILITIES COOPERATIVE)
FINANCE CORPORATION)**

CASE NO. 2008-44

APPLICATION

* * * * *

The Petition of Nolin Rural Electric Cooperative Corporation respectfully shows:

1. Applicant is a cooperative corporation organized and existing under the laws of the Commonwealth of Kentucky and is engaged in the business of purchasing and selling electric current and maintaining an electric distribution system. The Applicant now operates and does business in the counties of Hardin, LaRue, Hart, Grayson, Green, Taylor, Breckinridge and Meade. The full name of the Applicant is the Nolin Rural Electric Cooperative Corporation.

2. The post office address of the Applicant is 411 Ring Road, Elizabethtown, Kentucky 42701.
3. Certified copies of the Articles of Incorporation and all Amendments thereto as well as mortgages of the Applicant prior to August 31, 1993 have previously been filed with the Commission in Case No. 93-324 which was styled "Application of the Nolin Rural Electric Cooperative Corporation for an Order pursuant to KRS 278.300 and 807 KAR5:001, Section 11 and related sections authorizing the Cooperative to obtain a five (5) year line of credit in the amount of \$3,000,000.00 from the National Rural Utilities Cooperative Finance Corporation."
4. A general description of Applicant's property in the field of its operation, together with the statement of the original cost of the property and the cost to the Applicant follows:

Nolin Rural Electric Cooperative Corporation's property consists of approximately 2,915.35 miles of electric distribution line and other properties necessary and incidental to the operation of its system in the foregoing counties. The original cost of the Applicant's property as of November 30, 2007 is as follows: TOTAL UTILITY PLANT: \$83,755.05

The Applicant further states that:

- (a.) No amount or kinds of stock are authorized for the Corporation.
- (b.) No amount or kinds of stock are issued or outstanding.
- (c.) No preferred stock has been issued or is outstanding.
- (d.) Exhibits #1 and #2 attached list the outstanding Notes

secured by Mortgages which have been executed by Nolin Rural Electric Cooperative Corporation as Mortgagor and delivered to the United States of America, the Federal Financing Bank, and the National Rural Utilities Cooperative Finance Corporation as Mortgagees as of the date of this Application. The balance outstanding on these Notes as of November 30, 2007 is as shown in Exhibits #1 and #2 attached hereto.

- (e.) No bonds are authorized or issued.
 - (f.) Nolin Rural Electric Cooperative Corporation has no other indebtedness, except current liabilities which accrue in the ordinary course of business and which are unsecured.
 - (g.) No dividends have been paid by the Corporation.
5. The use to be made of the proceeds from this loan is as follows: To finance various energy conservation projects under contract with the U.S. Army at Ft. Knox, Kentucky.
 6. At this time, it is not anticipated that any property is to be acquired, constructed, improved or extended with the proceeds from the line of credit, except for these projects at Ft. Knox referenced above.
 7. At this time, it is not proposed to discharge or refund any obligations with the proceeds from the loan.
 8. The Applicant's Income Statement for the 12 month period ending November 30, 2007 is attached as Exhibit #3 and its Balance Sheet and Financial and Statistical Report as Exhibit #4.
 9. The approval of the loan from the National Rural Utilities Cooperative Finance Corporation is attached as Exhibit #5.

10. The Resolution approving this loan by Nolin's Board of Directors is attached as Exhibit #6.

WHEREFORE, the Nolin Rural Electric Cooperative Corporation requests that the Public Service Commission of the Commonwealth of Kentucky issue an Order authorizing and granting unto Nolin Rural Electric Cooperative Corporation approval for a \$40,000,000.00 loan from the National Rural Utilities Cooperative Finance Corporation and all other relief to which the Applicant may be entitled.

Dated at Elizabethtown, Kentucky this 1st day of February, 2008.

**NOLIN RURAL ELECTRIC
COOPERATIVE CORPORATION**

BY: _____


**JOHN J. SCOTT
ATTORNEY FOR NOLIN RURAL
ELECTRIC COOPERATIVE
CORPORATION
WHITLOW & SCOTT
108 E. POPLAR STR., P.O. BOX 389
ELIZABETHTOWN, KY. 42702-0389
(270) 765-2179**

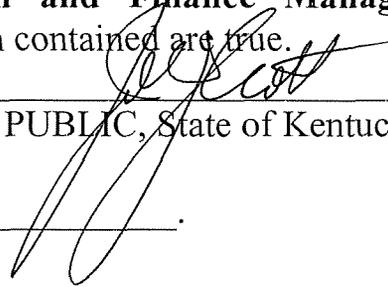
I, O.V. Sparks, Administration and Finance Manager of Nolin Rural Electric Cooperative Corporation, state that I have read and understand the foregoing Application and the statements contained therein are true.

**NOLIN RURAL ELECTRIC
COOPERATIVE CORPORATION**

BY: 
**O.V. SPARKS, Administration
and Finance Manager**

STATE OF KENTUCKY
COUNTY OF HARDIN

I, the undersigned, a Notary Public, do hereby certify that on this 1st day of Feb., 2008, personally appeared before me **O.V. SPARKS**, who being by me first duly sworn, subscribed to and acknowledged that he is the **Administration and Finance Manager** of **Nolin Rural Electric Cooperative Corporation**, a Kentucky corporation, that he signed the foregoing document as **Administration and Finance Manager** of the corporation, and that the statements therein contained are true.


NOTARY PUBLIC, State of Kentucky
At Large

My commission expires 9.11.09

88

LONG TERM DEBT - REA								
Complete Schedule Showing Total Obligation to REA								
Note No (a)	Interest Rate (b)	Date (c)	Original Balance (d)	Plus Interest Accrued (e)	Less		Balance Long Term Debt - REA (h)	
					Principal Payments (f)	Funds Unadvanced (g)		
OB150	2.000%	Jan-73	186,000		184,198		1,802	
OB152	2.000%	Jan-73	186,000		184,201		1,799	
IB230	5.000%	Sep-92	1,180,000		264,043		915,957	
IB235	5.000%	Sep-92	1,180,000		264,043		915,957	
IB240	1.620%	Jul-95	1,740,000		384,054		1,355,946	
IB245	1.120%	Jul-95	1,740,000		377,142		1,362,858	
IB250	1.120%	May-97	2,306,500		420,056		1,886,444	
IB255	1.620%	May-97	286,000		51,863		234,137	
IB256	1.120%	May-97	2,020,000		367,361		1,652,639	
IB257	1.620%	May-97	500		89		411	
IA260	4.940%	Apr-04	4,000,000		79,331		3,920,669	
IA261	3.370%	Apr-04	4,100,000		82,643		4,017,357	
IA262	4.460%	Aug-05	1,967,000		42,763		1,924,237	
IA270	4.780%	Aug-07	3,500,000		0		3,500,000	
IA271	4.460%	Aug-07	5,500,000		0		5,500,000	
NOTES PAID IN FULL			14,024,456		14,024,456			
TOTAL			43,916,456	0	16,726,243	0	27,190,213	
			Less: Advance Payments Unapplied (Note #4990)					0
			TOTAL OBLIGATION - REA					\$27,190,213

As of November 30, 2007

Exhibit "1"

LONG TERM DEBT - CFC & OTHER
 Complete Schedule Showing Total Obligation to CFC & Other

Note No (a)	Interest Rate (b)	Date (c)	Original Balance (d)	Less		Balance Long Term Debt CFC & Other (g)
				Principal Payments (e)	Funds Unadvanced (f)	
9001001	7.000%	May-72	135,000	135,000	0	0
9004001	7.000%	Feb-73	159,000	155,991	3,009	3,009
9005001	7.000%	Feb-74	135,000	122,657	12,343	12,343
9008001	7.000%	Nov-75	135,000	114,010	20,990	20,990
9010001	7.000%	Nov-76	375,000	289,564	85,436	85,436
9012001	7.050%	Feb-77	375,000	261,788	113,212	113,212
9014001	7.100%	Feb-78	920,000	587,173	332,827	332,827
9019001	7.000%	Aug-80	924,000	480,716	443,284	443,284
9022001	7.000%	May-83	520,000	211,420	308,580	308,580
9023001	7.000%	Sep-92	1,031,633	270,554	761,079	761,079
9024001	7.000%	Jun-95	1,492,000	212,248	1,279,752	1,279,752
9025001	7.050%	May-98	1,977,000	212,458	1,764,542	1,764,542
9028001	6.550%	May-2003	17,000,000	4,292,003	12,707,997	12,707,997
9028002	6.550%	May-2003	4,000,000	980,713	3,019,287	3,019,287
9028003	6.550%	May-2003	4,000,000	794,064	3,205,936	3,205,936
9028004	6.550%	May-2003	4,000,000	722,303	3,277,697	3,277,697
9028005	6.550%	Mar-2005	4,000,000	594,909	3,405,091	3,405,091
9028006	6.550%	Nov-2005	2,000,000	232,149	1,767,851	1,767,851
9029005	0.445%	Aug-2003	484,424	119,104	365,320	365,320
9029006	4.800%	Aug-2003	484,424	0	484,424	484,424
9029007	5.050%	Aug-2003	484,424	0	484,424	484,424
9029008	5.300%	Aug-2003	484,424	0	484,424	484,424
9030001	6.550%	Apr-07	5,000,000	182,056	4,817,944	4,817,944
9030002	6.550%	Jun-07	6,500,000	117,305	6,382,695	6,382,695
9030003	6.550%	Jun-07	3,500,000	63,164	3,436,836	3,436,836
H0010	7.157%	Dec-91	2,000,000	381,558	1,618,442	1,618,442
H0015	4.823%	Feb-99	1,893,000	252,627	1,640,373	1,640,373
H0020	4.823%	Sep-99	2,583,000	344,710	2,238,290	2,238,290
H0025	4.823%	Sep-99	2,583,000	344,710	2,238,290	2,238,290
H0030	4.823%	Oct-2003	4,000,000	271,974	3,728,026	3,728,026
H0035	4.823%	Oct-2003	2,948,000	200,445	2,747,555	2,747,555
TOTAL			\$76,123,329	\$12,947,373	\$0	\$63,175,956

As of November 30, 2007
 Less: Advance Payments Unapplied (Note #4990)
 TOTAL OBLIGATION - CFC & FFB

Note: Bold Interest Rates are fixed rates, italics is an Intermediate Rate

Exhibit "2"

NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION
INCOME STATEMENT

FORM 7 DESCRIPTION	12 MONTHS ENDED Nov-2007
OPERATING REVENUE:	
KWH REVENUE	\$58,802,578
OTHER REVENUE	2,589,122
TOTAL OPERATING REVENUE	\$61,391,700
OPERATING EXPENSES:	
COST OF POWER	47,171,614
DIST-OPERATION	2,726,666
DIST-MAINTENANCE	3,258,644
CONS ACCOUNTING	1,838,535
CUST SERV & INFO	690,279
ADMIN & GENERAL	2,499,664
TOTAL OPERATING EXPENSES	\$58,185,402
FIXED EXPENSES:	
DEPRECIATION EXPENSE	\$3,040,522
TAX EXP-PROPERTY	0
TAX EXP-OTHER	0
INTEREST EXP-LTD	4,753,047
INTEREST EXP-OTHER	411,434
OTHER DEDUCTIONS	44,186
TOTAL FIXED EXPENSES	\$8,249,189
TOTAL COST OF ELECTRIC SERVICE	\$66,434,591
MARGINS:	
OPERATING MARGINS	(\$5,042,891)
NON-OPERATING MARGINS	4,094,427
INCOME (LOSS) - EQUITY INVEST.	(202,243)
NON-OPER MARGINS OTHER	1,518,425
G & T CAPITAL CREDITS	0
OTHER CAPITAL CREDITS	431,857
PATRONAGE CAPITAL - MARGINS	\$799,575

Exhibit "3"

USDA - RUS FINANCIAL AND STATISTICAL REPORT	BORROWER DESIGNATION KY0051
INSTRUCTIONS - See RUS Bulletin 1717B-2	PERIOD ENDED November, 2007

PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT					
ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR	THIS YEAR		LAST YEAR	THIS YEAR
	(a)	(b)		(a)	(b)
1. New Services Connected		849	5. Miles Transmission		
2. Services Retired		121	6. Miles Distribution - Overhead		2,623.86
3. Total Services in Place		32,943	7. Miles Distribution - Underground		291.47
4. Idle Services (Exclude Seasonals)		1,305	8. Total Miles Energized (5 + 6 + 7)		2,915.33

PART C. BALANCE SHEET			
ASSETS AND OTHER DEBITS	LIABILITIES AND OTHER CREDITS		
1. Total Utility Plant in Service	84,176,184	29. Memberships.....	306,505
2. Construction Work in Progress	(421,138)	30. Patronage Capital.....	33,280,946
3. Total Utility Plant (1 + 2)	83,755,046	31. Operating Margins - Prior Years.....	0
4. Accum. Provision for Depreciation and Amort	26,146,312	32. Operating Margins - Current Year.....	(3,670,576)
5. Net Utility Plant (3 - 4)	57,608,734	33. Non-Operating Margins.....	5,224,446
6. Non-Utility Property (Net)	4,170	34. Other Margins and Equities.....	1,425,312
7. Investments in Subsidiary Companies	(686,327)	35. Total Margins & Equities (29 thru 34).....	36,566,633
8. Invest. in Assoc. Org. - Patronage Capital	11,725,835	36. Long-Term Debt - RUS (Net).....	27,156,008
9. Invest. in Assoc. Org. - Other - General Funds	0	37. Long-Term Debt - FFB - RUS Guaranteed.....	14,210,977
10. Invest. in Assoc. Org. - Other - Nongeneral Funds.....	1,706,217	38. Long-Term Debt - Other - RUS Guaranteed.....	0
11. Investments in Economic Development Projects	0	39. Long-Term Debt Other (Net).....	48,964,980
12. Other Investments	74,052	40. Long-Term Debt - RUS - Econ. Devel. (Net).....	0
13. Special Funds	0	41. Payments - Unapplied	0
14. Total Other Property & Investments (6 thru 13)	12,823,947	42. Total Long-Term Debt (36 thru 40 - 41).....	90,331,965
15. Cash - General Funds	14,221,050	43. Obligations Under Capital Leases - Noncurrent.....	0
16. Cash - Construction Funds - Trustee	0	44. Accumulated Operating Provisions and Asset Retirement Obligations.....	1,509,101
17. Special Deposits	0	45. Total Other Noncurrent Liabilities (43 + 44).....	1,509,101
18. Temporary Investments	5,000	46. Notes Payable.....	5,000,000
19. Notes Receivable (Net)	83,521	47. Accounts Payable.....	4,122,828
20. Accounts Receivable - Sales of Energy (Net)	7,731,775	48. Consumers Deposits.....	1,240,924
21. Accounts Receivable - Other (Net)	58,291,552	49. Current Maturities Long-Term Debt.....	0
22. Materials and Supplies - Electric & Other	732,699	50. Current Maturities Long-Term Debt -Economic Development.....	0
23. Prepayments	23,971	51. Current Maturities Capital Leases.....	0
24. Other Current and Accrued Assets	491	52. Other Current and Accrued Liabilities.....	1,262,301
25. Total Current and Accrued Assets (15 thru 24)	81,090,062	53. Total Current & Accrued Liabilities (46 thru 52).....	11,626,053
26. Regulatory Assets	0	54. Regulatory Liabilities.....	0
27. Other Deferred Debits	21,007	55. Other Deferred Credits.....	11,509,998
28. Total Assets and Other Debits (5+14+25 thru 27).....	151,543,750	56. Total Liabilities and Other Credits (35+ 42 + 45 + 53 thru 55).....	151,543,750

Exhibit "4"



Rural Electric Cooperative Corporation

A Touchstone Energy® Cooperative 

BOARD RESOLUTION TO APPROVE CFC \$40,000,000 LOAN

RESOLVED, that the Cooperative borrow from National Rural Utilities Cooperative Finance Corporation ("CFC"), from time to time as determined by the persons designated by the board of directors of the Cooperative, an aggregate amount not to exceed \$40,000,000, and purchase with general funds Loan Capital Term Certificates as may be required by CFC in connection with this loan, all as set forth in a loan agreement with CFC (the "Loan Agreement"); that the Cooperative file an Application with the Kentucky Public Service Commission to obtain approval of this loan.

CERTIFICATE OF SECRETARY

I, A. L. Rosenberger, Secretary of the Board of Directors of Nolin RECC, Inc, do hereby certify that the above is a true and correct excerpt from the minutes of the meeting of the Board of Directors held on the 7th day of December, 2007, at which meeting a quorum was present and that the above portion of the minutes has not been modified or rescinded.

IN WITNESS WHEREOF, I have set my hand and affixed the seal of the Nolin RECC this 7th day of December 2007.

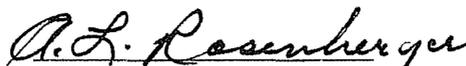

A. L. Rosenberger, Secretary

Exhibit 6



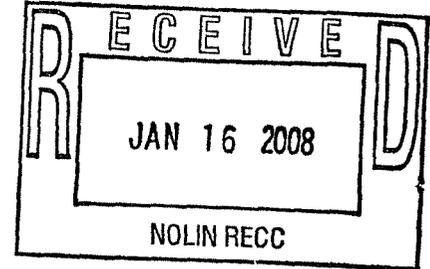
**National Rural Utilities
Cooperative Finance Corporation**

2201 Cooperative Way
Herndon, Virginia 20171-3025
703-709-6700 | www.nrucfc.coop

A Touchstone Energy Cooperative

January 14, 2008

Mr. Mr. Joseph S. Badin
Director, Northern Regional Division
Rural Utilities Service
US Department of Agriculture
1400 Independence Avenue, SW
Washington, DC 20250-1566



*file
c:mlm
O.V.*

Dear Mr. Badin:

National Rural Utilities Cooperative Finance Corporation (“CFC”) has approved a request from Nolin Rural Electric Cooperative Corporation (“Nolin RECC”) to provide a 15-year, \$40,000,000 term loan to finance Energy Conservation Opportunities (“ECOs”) at Fort Knox, a Department of Defense installation within Bullitt, Hardin, and Meade Counties, Kentucky (the “Installation”) under terms of the Demand Side Management and Energy Efficiency Services Modification Agreements (the “Contract”) by and between Nolin RECC and the United States of America, represented by the Contracting Officer of Fort Knox. There is no transfer of Installation assets associated with this Contract.

In order to provide Nolin RECC with this loan, CFC hereby joins in Nolin RECC’s request of RUS to approve and to enter into an Intercreditor Agreement with CFC that generally provides for certain payment priorities with respect to the CFC military base loan in the event of an exercise of remedies upon an Event of Default (as such term is defined in the Mortgage). It is our understanding that RUS and CFC have previously agreed on the form of such Intercreditor Agreement. A copy of a prior Intercreditor Agreement executed between RUS and CFC for the CFC loan designation of KY051-A-9030 is attached to this letter as a sample of the form that we understand was agreed.

The CFC funds will be advanced after Nolin RECC has complied with the conditions set forth in the CFC Loan Agreement, including obtaining for CFC’s execution an Intercreditor Agreement executed by RUS, the submission of a requisition for funds and the subsequent approval of such requisition by CFC.

CFC LETTER
KY051-A-9031 (LUONGOA)
118123-1

Exhibit "5"

Please inform us of RUS' decision to execute the Intercreditor Agreement as outlined above. If the request is approved, we will wait to receive the RUS-executed Intercreditor Agreement from your office. Your assistance in processing this request is appreciated.

Sincerely,



Amy S. Luongo
Associate Vice President

cc: Michael L. Miller, General Manager, Nolin RECC
O.V. Sparks, VP-Administration, Nolin RECC
Brian Jenkins, Northern Regional Division Branch Chief, RUS
Bill Frost, Loan Specialist, RUS